

A woman with long dark hair, wearing a grey blazer over a black and white striped shirt, is smiling and looking at a tablet computer. The background is a blurred office setting. The image is overlaid with a purple and blue geometric design consisting of concentric circles and a large white triangle.

Six hurdles to efficient contingent labor management

 **indeed flex**

The mismanagement of contingent labor is a multi-million dollar problem, but many organizations struggle to properly quantify the issue – and therefore lack urgency around fixing it.

Large companies rely on contingent labor for up to **50%** of their labor requirements in 2024

with most citing increased financial efficiency, flexibility and access to key skills as their chief rationale.¹ Yet according to a recent review from MIT and Deloitte, the majority are not realizing the full potential of their contingent workforce.²

This ebook explores where they are going wrong and presents a simple solution that could unlock a wide range of savings, efficiencies and improvements to employee engagement.







¹<https://www2.deloitte.com/xen/en/insights/topics/talent/contingent-workforce-management.html>
²<https://sloanreview.mit.edu/article/managing-external-contributors-in-workforce-ecosystems/>



Why is contingent labor mismanaged?

The problem can be summed up in a single word: **decentralization**. Organizations rely on specialist agencies to source quality contingent workers, but this leads to multiple issues:

-  **Multiple agencies demand considerable attention**
-  **Agency relationships become fragmented**
-  **Individual sites managing agencies in isolation, leading to inconsistency**
-  **Data sharing between sites is limited or via ineffective spreadsheets**

Worse still, the task of managing these relationships is often not considered important enough to justify a separate role. Instead, these responsibilities are added onto existing Talent Acquisition (TA) or Human Resources (HR) roles - often without enough resources to handle the extra burden.



This creates six key hurdles for complex organizations

1. Lack of spend visibility

Contingent labor often costs more per-hour than full-time employees. This is not in-itself an issue: there are large comparative savings to be made from not having to pay for things like holiday pay or benefits. But it does mean overstaffing shifts can leave a larger dent in your budget.

With a fragmented system managed at the individual site-level, it is difficult to properly assess spend efficiency or ensure you are not wasting money.

Most sites operate without a validated benchmark, and simply assume their current contingent labor costs are acceptable.

2. No agency scorecard

There is also no way to evaluate the relative value provided by each agency. This is not just about spend: you also cannot be sure each individual site is getting the best workers, the highest fulfillment rates or the most reliable service.

Put simply, site managers cannot hold agencies accountable without an overarching view of your network. Their decision-making is limited and they are liable to waste time and effort working with partners that are not up to standard - without ever even knowing it.

3. Regulatory risk

Maintaining regulatory compliance requires consistent processes, including using the same language in contracts. This is a very common issue for larger organizations, as they struggle to ensure all sites meet employment standards or provide evidence that they are fully compliant.

A recent scandal that hit Google illustrates this risk perfectly: not only was it publicly shamed for non-compliance, it had to cough up \$100 million in backpay for nine years worth of non-compliance.³ While most organizations will not experience problems at this scale, there is still a grave risk that fragmented contingent labor management leads to expensive and reputation-damaging fines.



4. Management complexity

Managing contingent labor at the site level actually creates excess complexity for most organizations. Communication is more difficult, processes are wildly inconsistent and audits are far more time-consuming and expensive.

Worse still, it is often unclear who is responsible for managing agency relationships. This creates a lack of accountability, especially as the intense lift involved in getting things under control puts most individuals off.

³<https://www.nytimes.com/2021/09/10/technology/google-temporary-workers-labor-laws-pay.html>

5. Talent attraction and retention

When each site operates independently, there is no centralized process to ensure consistency in hiring practices or in the quality of workers provided by agencies. Additionally, the lack of control over the worker selection process makes it difficult to ensure top-performing workers return.

Agencies often send different workers each time, resulting in a constant cycle of onboarding and training which disrupts continuity and reduces productivity.

6. Scale

Each challenge we've explored is exacerbated as your organization grows. Inconsistent processes become more chaotic, regulatory risk increases, quality control becomes harder and the overall financial efficiency of your workforce almost inevitably dips.

This means organizations that rely on contingent labor may struggle to scale. Hard-earned growth could be lost simply because your staffing processes cannot effectively expand along with the business itself.

All of which paints a very gloomy picture. but the good news is a solution already exists. As the recent paper from MIT and Deloitte concluded:

“An integrated approach can yield improved decision-making and efficiency, reduced costs, improved access to critical skills, and better commitment to putting cultural and diversity values into practice.”⁴

⁴<https://www2.deloitte.com/xe/en/insights/topics/talent/contingent-workforce-management.html>

Take action on these vital challenges in contingent workforce management today

Whether you're in HR, talent acquisition, or overseeing contingent workforce operations, your role will be made easier and more effective by an integrated solution - and Indeed Flex Plus has exactly what you need.

If your organization lacks a vendor management system (VMS), book a demo to see how ours could help you solve every problem we've discussed.



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